



Economic Prosperity

Purpose

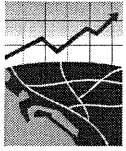
The purpose of the Economic Prosperity Element is to increase wealth and the standard of living of all San Diegans with policies that support a diverse, sustainable, competitive, and entrepreneurial local economy. The policies are intended to improve economic prosperity by ensuring that the economy grows in ways that strengthen our industries, retain and create good jobs with livable wages, and stimulate economic investment in our communities. A strong economy creates the wealth that allows San Diegans to support the public facilities and services they demand.

Introduction

Economic prosperity is a key component of quality of life. The structure of the city of San Diego's economy influences the city's physical development and determines the city's tax base capacity to fund essential services. There have been dramatic changes in the structure of our economy in the last several decades from a production economy to one increasingly based on creativity and innovation. The 21st century economy requires innovation, interaction, expansion, and flexibility. Recognizing that the city operates within the broader context of a regional and global economic setting, the city must strengthen its competitive position by creating an environment and infrastructure where industries for which San Diego is competitive can create, respond, and adjust rapidly.

The Regional Comprehensive Plan (RCP) adopted by the San Diego Association of Governments (SANDAG) sets forth a vision for 2030 that states in part "Our region is economically diverse. We have an educated and well-trained workforce, an innovative business culture, and excellent universities. Our transportation, water and energy infrastructure systems serve the needs of the greater region while meeting the demands of the modern global marketplace. The region has a highly educated and well-trained workforce and all segments of society are able to participate in our economic prosperity. Our workforce is capable of adapting to the ever-changing needs of modern industry. We embrace our economic and social diversity. Environmentally-friendly and sustainable business practices have become a hallmark of the region." SANDAG's recommendations focus on retaining and expanding local businesses, creating more middle-income jobs, and preparing our residents to fill these jobs.

The city of San Diego shares this vision and plays an important economic role in the region due to the amount and significance of employment land located here relative to other jurisdictions, the city's size and location within the region, its major infrastructure for economic development, its universities, and its large labor force. Several of the key issues that SANDAG identifies in the RCP

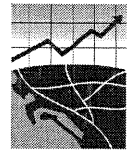


are addressed in the city's economic prosperity policies including: developing an internationally competitive economy, strengthening the relationship between workforce requirements and educational programs, identifying an adequate supply of employment land for housing and businesses, improving the region's business environment and monitoring our progress, and fostering the region's emerging and high-technology industries.

The Economic Prosperity Element strives to link economic prosperity goals with land use distribution and employment land use policies. Employment land includes land utilized by industrial, commercial service, and commercial retail users. The capacity for the city's basic industrial, commercial, and service export industries is particularly important for bringing income to the city and building wealth for its citizens. To address the long-term shortage of available land for some types of employment uses, land appropriate for future base-sector export industry employment uses should be designated in key areas throughout the city, and underutilized land that could be redeveloped for certain types of export industries and other types of employment uses in urbanized areas should be also be identified. The Regional Center, Subregional Districts, and Neighborhood and Urban Village Centers will have an important role in the city's economic prosperity strategies by providing the land and infrastructure needed to support business development along with a variety of employment and housing opportunities. The element's overall goals of preserving regionally significant employment lands, using employment areas more efficiently, and strengthening our border areas, will require the refinement of policies when specific community plans are updated.

The Economic Prosperity Element also expands the traditional focus of a general plan to include a variety of economic development policies designed to achieve a rising standard of living that are less directly related to land use. These include policies aimed at supporting existing and new businesses that reflect the changing nature of industry, creating the types of jobs most beneficial to the local economy, and preparing our workforce to compete for these jobs in the global marketplace. Despite the economic growth that has occurred over the last several years, economic prosperity has not been evenly distributed in San Diego. National and local economic trends have resulted in an "hourglass" economy, the creation of fewer middle-income jobs, many low-wage services jobs, and more high-wage job opportunities, creating increased income, social, and spatial disparities. Among the costs of these disparities are the increased social service costs incurred by the city and other public agencies. Implementation of the policies addressing these issues will require more specific initiatives including regular updates to the city's Economic Development Strategy.

While regular updates to the City's Economic Development Strategy will identify those industries that are growing for which San Diego is competitive globally, and traditional industries that, while not necessarily growing, are still important to large segments of our population, the City's policies anticipate a future economy supported by technology, telecommunications, biotechnology, earth sciences and environmental innovation, education, health products and services, maritime, tourism, professional services, trade, defense, and new unnamed industries that will emerge in the ever-changing global economy. The achievement of economic prosperity goals also relies on policies in the Land Use and Community Planning



Element to appropriately designate land for economic development, the Housing Element to provide workforce housing accessible to employment areas, the Mobility Element to provide a critical link between housing and jobs, and the Public Facilities, Services and Safety Element to address the provision of regional facilities needed to reinforce the viability of our industrial areas.

A. Industrial Land Use

Goals

- ◆ A diversified economy with a focus on providing good employment opportunities and livable incomes for San Diegans.
- ◆ A city with employment land and capacity for base-sector industries sufficiently and appropriately designated to sustain a strong economic base.
- ◆ Efficient use of existing employment lands.
- ◆ No loss of employment land for base-sector industries that contribute significantly to the regional or local economy.

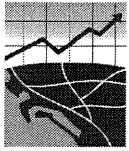
Discussion

The Availability of Industrial Land

The supply and type of employment land uses in the city are significant factors in determining the ability of the city to meet the needs of a rapidly changing economy. As of 2006, only one-fourth of all designated industrial land was still vacant in the city of San Diego. More than two-thirds of the total vacant industrial land in the city is located in the community of Otay Mesa. The majority of the remaining vacant industrial land within the city is located within the other Subregional Employment Areas. Regionally, there is adequate long-term availability of employment land, but there is a shortage of available land within the city close to housing, transportation, public transit and other infrastructure. This diminishing supply of industrial land is a potential challenge to the growth and retention of base-sector industries providing middle-income job opportunities in the city.

Economic Base Sector Industrial Uses

Economic base industries create wealth for a local jurisdiction by exporting products and services primarily to national and international markets outside of the local area. As such, base sector industries drive regional prosperity, are a source of competitiveness and innovation, and are the primary source of new businesses in the region. San Diego's economic base is primarily composed of manufacturing industries; visitor industries, and industries related to national



security and international affairs. Export-oriented professional, scientific, and technical services businesses (technology services) that are base sector in nature are also becoming increasingly important contributors to the local economy. These types of businesses are particularly suited to locate in the Urban and Neighborhood Villages. Manufacturing and technology services are the most significant because they support middle-income employment that is essential to preserve a healthy economic base. Retention of manufacturing and technology services also preserve the city's ability to maintain a stable tax base and therefore achieve higher levels of municipal services to a growing population. Manufacturing and technology service industries include the functions of research and development, assembly, corporate headquarters, warehousing, distribution, marketing, and administrative functions associated with product/process conception, development, sales, and distribution.

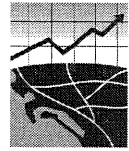
Increasing globalization will continue to result in the loss of some traditional manufacturing operations that support middle-income employment both nationally and in the city of San Diego. Protecting areas for base-sector industries with existing infrastructure is the principal way that the General Plan and community plans can influence the economic health of the city. Protection of these areas from encroachment by non-industrial uses creates opportunities for existing users to expand rather than relocate out of the city. Community Plan Land use designations which are sufficiently refined to protect key industrial areas can create conditions which do not further exacerbate the negative effects of these global trends and, where possible, facilitate the development, and expansion of base-sector manufacturing, support, and technology-service industries in the city.

Long-term changes in the economy have also increasingly favored San Diego as a location for research and development functions of intellectual and product manufacturing some of which can be performed in an office setting. Although current industrial development standards allow for adequate intensification of all types of industrial uses, the city needs to continue to strengthen current policies that support higher intensity industrial development in some locations for these research and development uses and corporate headquarter uses. Higher-intensity development also uses the city's limited land supply more efficiently.

Non-Base Sector Employment Uses

Non-base sector employment provides goods and services to base sector businesses and their employees. The significant growth of non-base service sector employment in San Diego has created a demand for multi-tenant and other commercial service office buildings. There is an adequate supply of land for these uses due to their ability to locate in a wider variety of commercial, mixed use, and business park areas throughout the city. Intensification of these uses should be encouraged in appropriate locations, particularly in central locations within the city which are well-served by transit. These uses also have greater compatibility with residential developments and should be encouraged as part of diverse village or other mixed-use developments.

In sum, maintaining an adequate supply of a variety of employment land types contributes to the



economic health of San Diego in two major ways – accommodating a wide range of jobs for the city’s residents, and importing dollars from outside the area. Economic diversity is crucial to a region’s ability to weather economic cycles and to perpetuate the continuous generation of new industries and businesses. While traditional industrial park development may still be required in the future, increasingly more intense vertical workplaces will occur in many areas. Community plan land use designations for the Industrial Land Use category (Table LU-4) has been created with the goal of providing communities a menu of potential categories to fit individual conditions and community plan objectives while advancing citywide economic prosperity goals.

Industrial and Prime Industrial Land

Prime industrial land as depicted on Figure EP-1 identifies areas that support base sector industries such as warehouse distribution, heavy or light manufacturing, and research and development uses. These areas are part of even larger areas that provide a significant benefit to the regional economy and meet General Plan goals and objectives to encourage a strong economic base. There are six criteria that should be analyzed to determine whether a particular area should be identified as prime industrial land (Appendix EP-1). It is anticipated that the Industrial and Prime Industrial Land Map will be revised over time, as comprehensive community plan updates take place. Although the identification of prime industrial lands is intended to preserve valuable employment land for base-sector industries, it does not redesignate or rezone property nor influence the processing of ministerial permits.

The Industrial and Prime Industrial Lands Map also identifies all industrially designated land in the applicable community plan. Some of the industrial areas outside of Prime Industrial lands could convert to other non-industrial uses such as commercial uses, and could also include residential uses, after an analysis of relevant factors to determine if the property could still feasibly support industrial uses and is appropriate for the use requested. In many older industrial areas containing obsolete industrial and many non-industrial uses such as office and commercial uses, conversion to other uses could contribute significantly to community revitalization.

Residential and Industrial Collocation and Conversion

The lack of affordable housing in San Diego negatively affects the local economy by limiting the ability of an industry to compete nationally for the necessary workforce. Additionally, the lack of housing near employment nodes has led to a strain on our roads, freeways, infrastructure, and environment, and affects the quality of life for all San Diegans by increasing the household cost of transportation. Policies aimed at increasing the supply of low- to moderate-income housing for the workforce population are contained in the Housing Element of the General Plan.

As community plans are updated, new opportunities for employment uses should be identified as well as areas appropriate for locating workforce housing opportunities near job centers. In the interim, as community plan amendments are requested for collocation or conversion, there needs to be a consistent evaluation process which minimizes land use conflicts and preserves the most



important types of industrial land, or prime industrial land, from residential, public assembly, and other sensitive receptor land uses.

Policies

Base Sector Industrial Uses

- EP-A.1 When updating community plans or considering plan amendments, the industrial land use designations contained in Table LU-4 of the Land Use and Community Planning Element should be appropriately applied to protect base-sector uses that provide middle-income job opportunities including base-sector technology service firms, provide for secondary employment and supporting uses, and maintain areas where smaller emerging industrial uses can locate in a multi-tenant setting.
- EP-A.2 Redevelop underutilized areas, including publicly-owned land, for base-sector employment purposes when it can satisfy existing or projected industrial sector needs, is not needed for another more important public purpose, and necessary facilities are available.
- EP-A.3 Encourage a broader geographic distribution of high technology business facilities throughout the city.
- EP-A.4 Encourage large regional employers to locate and expand in the Regional Center or Subregional Employment Areas.
- EP-A.5 Strictly limit the intrusion of incompatible or dissimilar uses into industrial areas that support base-sector industries.
- EP-A.6 Consider the establishment of base sector uses, particularly base sector technology service uses, in more intense urban and neighborhood village areas through the redesignation of non-industrial properties to industrial use where land use conflicts can be minimized. Evaluate the extent to which the proposed designation and subsequent industrial development would:
- Accommodate the expansion of existing industrial uses to facilitate their retention in the area in which they are located.
 - Not intrude into existing residential neighborhoods or disrupt existing commercial activities and other uses.
 - Mitigate any environmental impacts (traffic, noise, lighting, air pollution, and odor) to adjacent land.
 - Be adequately served by existing and planned infrastructure.
 - Is supported by land values.
- EP-A-7 Update the Economic Development Strategic Plan and subsequent regulations to further refine the definition of export-oriented, base-sector professional, scientific,



and technical services businesses and provide minimum establishment sizes.

Non-Base Sector Employment Uses

- EP-A.8 When updating community plans or considering plan amendments, the industrial land use designations contained in Table LU-4 of the Land Use and Community Planning Element should be appropriately applied to provide for non-base sector employment uses to serve base-sector industries and community needs, encourage the development of small businesses, and reduce dependence on the automobile by providing for employment uses near housing.
- EP-A.8 Increase the allowable intensity of employment uses in Subregional Employment Districts and Urban Village Centers that are served by transit. The role of transit and other alternative modes of transportation on development project review are further specified in policies ME-C.7-C.9.
- EP-A.9 Concentrate more intense office development in subregional employment areas and in urban villages with transit access.
- EP-A.10 Efficiently utilize employment lands through increased intensity in neighborhood and urban villages and subregional employment areas.
- EP-A.11 Promote the development of infill industrial sites and establish incentives to support job growth by locating compatible employment uses in existing urban areas.
- EP-A.12 Promote the redevelopment of employment lands in older industrial areas not identified as Prime Industrial Lands on Figure EP-1, considering the Area Characteristics factor in Appendix EP-2 when redesignating industrial lands to commercial or other uses.
- EP-A.13 Encourage the provision of housing in proximity to employment areas, with housing types and prices that are consistent with wages earned in the employment areas, based on a variety of economic, physical, health and safety, and social factors.

Industrial and Prime Industrial Land

- EP-A.13 Consider citywide economic prosperity goals when updating community plans. Revise the Industrial and Prime Industrial Lands Map boundaries if warranted based upon a comprehensive analysis that includes an evaluation of the criteria in Appendix EP-1, the factors in Appendix EP-2, and the contribution of the area to the local and regional economy.
- EP-A.14 Require a General Plan amendment to revise the boundaries of the Prime Industrial



Land Map based upon a comprehensive analysis as described in policy EP-A.13.

Residential and Industrial Collocation and Conversion

Community/General Plan Amendments

EP-A.15 Do not consider community/general plan amendments from industrial land uses to residential uses in areas identified as Prime Industrial Land as shown on Figure EP-1.

EP-A.16 Hold to a high standard of review requests for community plan/general plan amendments that propose collocation of industrial and residential uses in an industrially designated area, or the conversion of industrially designated land to a residential use.

- a. Encourage collocation or conversion in areas that are not identified as prime industrial lands based on an analysis of the Collocation/Conversion Suitability Factors listed in Appendix EP-2.
- b. Amend the Public Facilities Financing Plan to identify needed facilities.
- c. Require concurrent processing of development projects, general plan/community plan amendments, and Public Facilities Financing Plan amendments associated with proposals to redesignate industrial land to residential uses.

Discretionary Review of Projects within Industrial and Prime Industrial Land

EP-A.17 Do not consider discretionary projects for public assembly or sensitive receptor land uses in areas identified as Prime Industrial Land as shown on Figure EP-1. Sensitive receptor land uses include residential, schools, child care centers, acute care hospitals, and long-term health care facilities. Sensitive receptors are determined based upon special factors which may include the age of the users or occupants, the frequency and duration of the use or occupancy, continued exposure to hazardous substances as defined by federal and state regulations, and the user's ability to evacuate a specific site in the event of a hazardous incident.

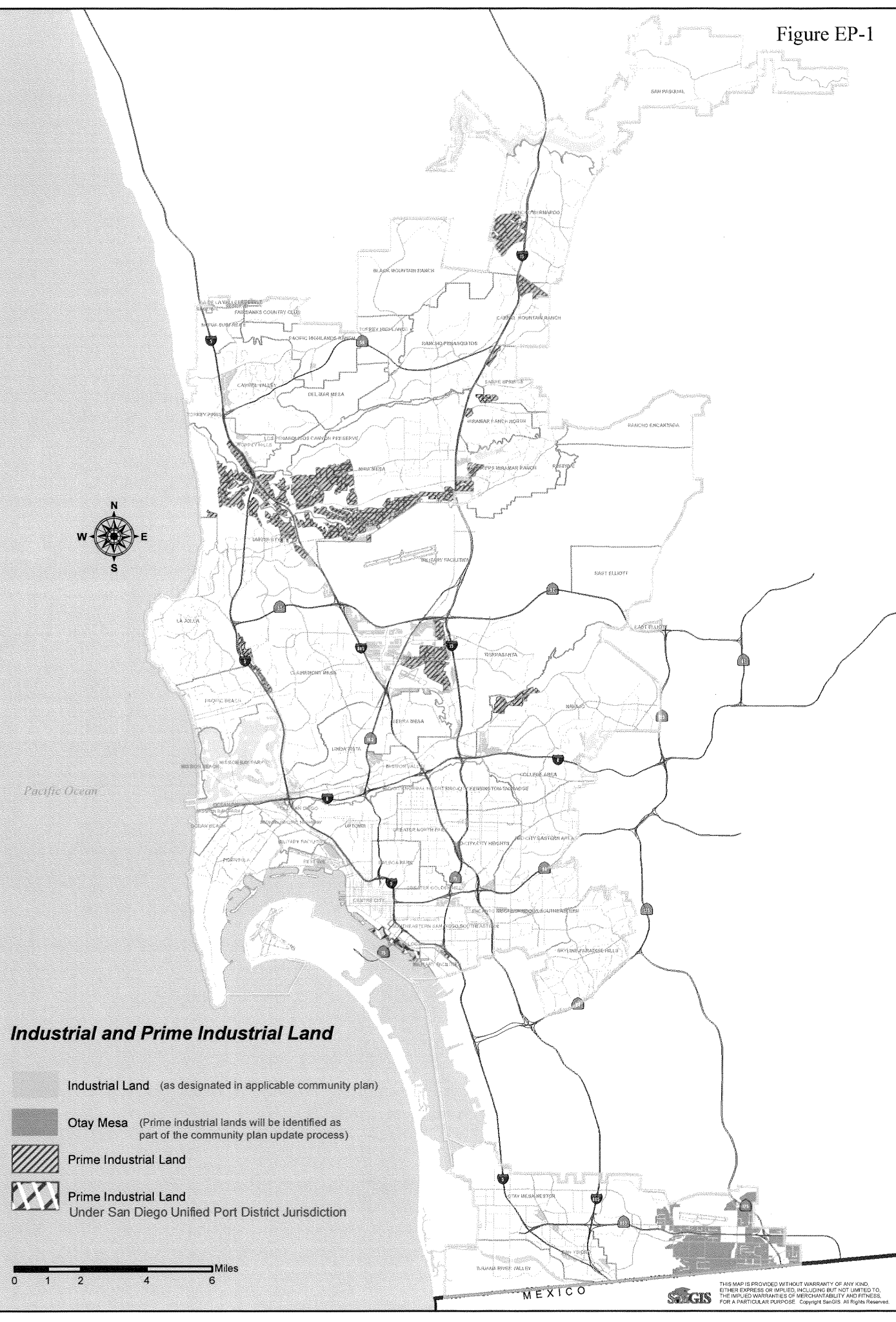
EP-A.18 Meet the following requirements in industrial areas not identified as prime, as a part of the discretionary review of projects involving residential, public assembly, or other sensitive receptor land uses:

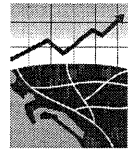
- Analyze the factors in Appendix EP-2.
- Meet or exceed the requirements of the city's Inclusionary Housing Ordinance through the provision of on-site affordable housing.

Figure EP-1

Industrial and Prime Industrial Land

- Industrial Land (as designated in applicable community plan)
- Otay Mesa (Prime industrial lands will be identified as part of the community plan update process)
- Prime Industrial Land
- Prime Industrial Land Under San Diego Unified Port District Jurisdiction





- Incorporate pedestrian design elements including pedestrian-oriented street and sidewalk connections to adjacent properties, activity centers, and transit.
- Require payment of the conversion/collocation project's fair share of community facilities required to serve the additional residential units (at the time of occupancy).
- Provide notice of the proposed project to property owners within 1,200 feet.

B. Commercial Land Use

Goals

- ◆ Commercial development which uses land efficiently, offers flexibility to changing resident and business shopping needs, and assures maximum feasible environmental quality.
- ◆ Economically healthy neighborhood commercial areas that are easily accessible to residents.
- ◆ New commercial development that contributes positively to the economic vitality of the community and provides opportunities for new business development.
- ◆ A city with land appropriately designated to sustain a robust commercial base.

Discussion

Commercial development provides important services and goods to city residents and businesses. Future commercial development in the city will take the form of redevelopment of existing underutilized commercial areas and some new infill development. Changes in the retail market are accelerating and format types for shopping areas are in constant flux. As we look to the future, policies regarding commercial development must be flexible to meet the rapidly changing needs of the population and their methods of shopping given changes in technology and delivery systems. Traditional shopping centers will be redesigned to accommodate new types of anchor stores, different tenant mixes, and include a wider variety of non-retail uses such as housing, public spaces, civic uses, open space, and entertainment uses.

Long-term market conditions can also result in commercial development in some communities in excess of what the market area can support, which result in an inefficient use of land and potential blight. The redesignation of commercial land to residential or mixed-use, particularly in older, competitively obsolete commercial strips, increases the market for remaining retail properties thereby encouraging reinvestment and improvement of the quality of those properties.



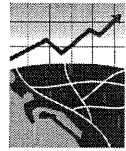
The City of Villages strategy incorporates the growing need for convenience and good design to attract the consumer. Many of the new shopping centers of the 21st century will be designed to resemble a community and will function like a Main Street. The provision of traditionally stand-alone commercial uses within mixed-use development is an important strategy in using the city's land more efficiently. The national trend toward in-migration of population back to the city will be reflected in a growing trend to redevelop underutilized urban sites into distinct shopping areas. Ethnic and racial diversity will also play a role as Hispanic, Asian, and African-American populations accumulate significant buying power that is concentrated in urban areas.

In the city of San Diego, it is not anticipated that any new regional-serving malls will be developed in a traditional format. Some existing regional commercial centers will be expanded to meet changing market demands. The enhancement of an urban lifestyle could occur through intensification of regional commercial areas and their redevelopment with multifamily residential, office, and lodging uses. In addition, over a period of decades, some malls could expand geographically and begin to mesh with surrounding commercial, office, and multifamily residential developments and districts, thereby becoming less discrete areas which would better support the development of more comprehensive and inter-connected networks of public transit and services.

Within the General Plan category of Employment and Commercial Retail and Services (Table LU-4), proposed community plan land use designations for commercial uses, including mixed-use areas, have been created with the goal of providing communities a menu of potential categories to fit individual conditions and community plan objectives while providing the necessary flexibility to accommodate continual changes in the retail market.

Policies

- EP-B.1 When updating community plans or considering plan amendments, apply the appropriate community plan commercial land use designations to increase the vitality of commercial areas, provide goods and services easily accessible to residents, promote community identity, and increase the supply of housing in appropriate locations along corridors and within village areas.
- EP-B.2 Encourage development of unique shopping districts that help strengthen community identity and contribute to overall neighborhood revitalization.
- EP-B.3 Encourage more intense commercial development to locate in neighborhood and urban villages, and transit corridors.
- EP-B.4 Concentrate commercial service sector office development in the subregional employment centers around transit stations, and in neighborhood and urban villages.
- EP-B.5 Strictly limit the location of commercial uses in industrial areas, with the exception of



ancillary commercial services needed to serve the area.

- EP-B.6 Identify commercial centers and districts in community plans, and their service areas, that serve regional or visitor consumers located beyond community plan boundaries.

Neighborhood Commercial Areas

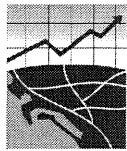
- EP-B.6. Promote economically vital neighborhood commercial districts that foster small business enterprises and entrepreneurship..
- EP-B.7 Encourage shared parking facilities including parking structures as part of commercial revitalization activities.
- EP-B.8 Retain the city's existing neighborhood commercial activities that are within walking distance of residential areas, unless proven infeasible.

Transit Corridors

- EP-B.9 Determine the appropriate mix and form of residential and commercial uses along Transit Corridors based on the unique character of the community, considering: the types and mix of uses that will complement adjacent neighborhoods, parcel size and depth, and the need to revitalize economically obsolete uses.
- EP-B.10 Encourage commercial uses to cluster or intensify at focal points along major arterial streets. Strongly discourage the creation of new auto-oriented strip developments where parking is located between the street frontage and the buildings.
- EP-B.11 Create distinctive shopping districts through the renovation or redevelopment of existing strip commercial development. Encourage a variety of uses such as hotel, office, entertainment, recreational, and residential uses, to locate in shopping districts.

Regional Commercial Uses

- EP-B.12 Reduce opportunities for regional commercial uses in commercial areas where negative impacts could irreparably diminish the economic feasibility of commercial and service uses in existing neighborhood and village areas. Locate regional commercial uses adjacent to major transportation corridors that also have a high level of transit service.
- EP-B.13 Apply the Regional Commercial land use designation to areas intended to serve as a focal point for regional commerce and activity. Consider the following characteristics when applying the designation:



- Where a broad range of uses that include retail, wholesale, office, employment, and public recreational and civic uses will benefit the existing community.
- Where the incorporation of mixed-use structures and multifamily housing, public and private facilities such as parks and other community-oriented facilities can be accomplished.
- Where regional uses will not adversely affect the viability of nearby community and neighborhood commercial centers, particularly mixed-use corridors and villages.
- Where sites are accessible to the region because of their location adjacent to primary arterials, freeways, and major public transit routes.
- Where uses will not adversely affect adjacent surrounding land uses with regard to:
 - Traffic
 - Noise
 - Visual aesthetics
 - Any other environmental effects.

Redesignation of Commercial Land

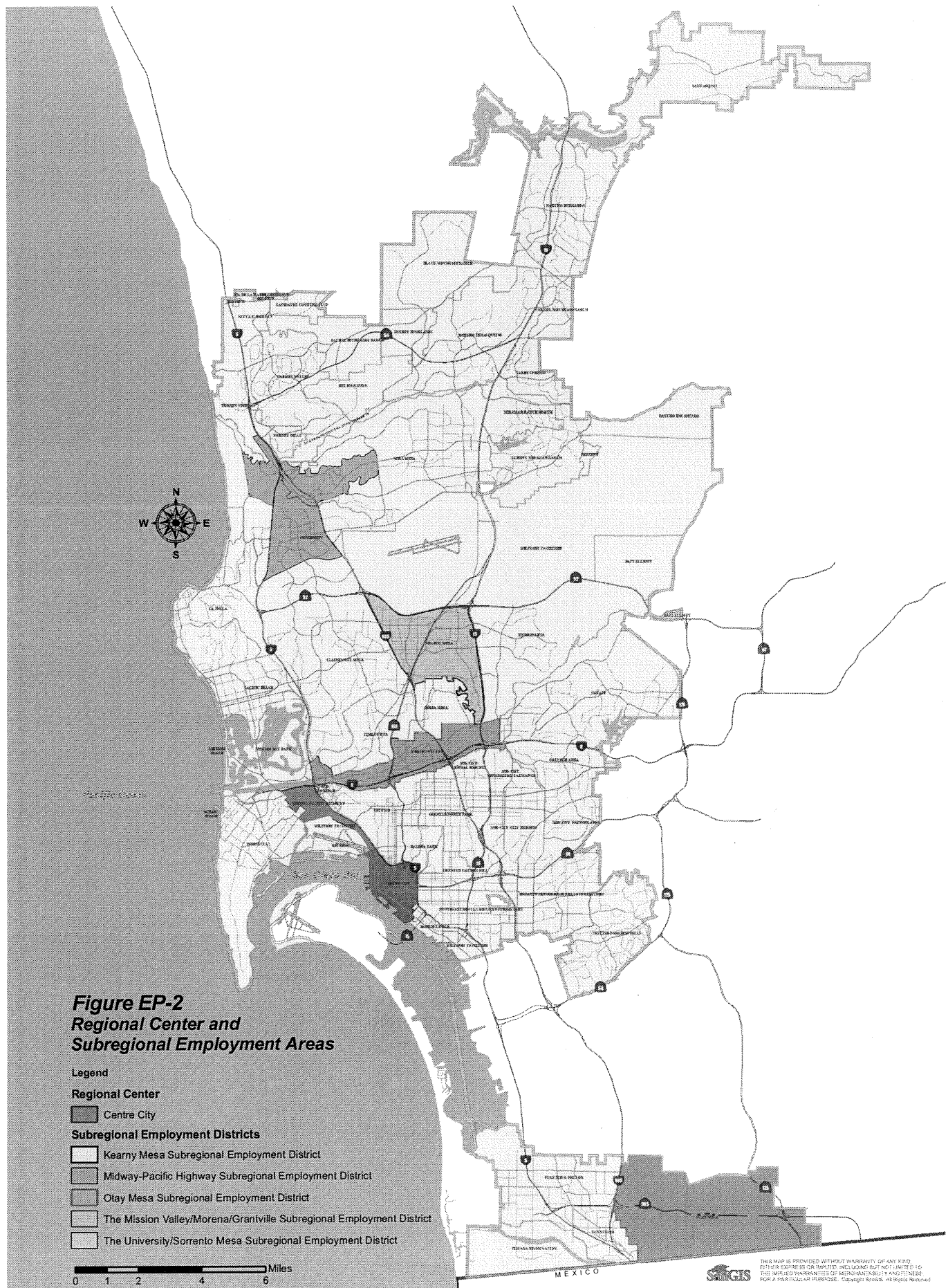
EP-B.14 Evaluate the amount of commercial development that is desirable and supportable for a community during the community plan update process and in subsequent community plan amendments. Reduce excess commercially designated land by providing for appropriate reuse. Consider re-designating commercial land characterized by commercial retail and service uses to residential, mixed-use where the following factors are present:

- Where the lot size or configuration is inadequate to develop a feasible commercial use.
- Where the total area or configuration of the parcel precludes the development of off-street parking where needed.
- Where site driveways could adversely affect traffic flow.
- Where community facilities are accessible for residents.
- Where the existing use is underutilized and there is an adequate supply of community-serving commercial uses.
- Where there is good transit, pedestrian and bicycle connectivity with employment areas.

C. Regional and Subregional Employment Areas

Goal

- ♦ A city where new employment growth is encouraged in the existing regional center and subregional employment areas connected by transit to minimize the





economic, social, and environmental costs of growth.

Discussion

As described in the City of Villages Strategic Framework Element and Action Plan, the Regional Center and Subregional Employment Areas will play an important role in the city's economic prosperity strategies. These areas are intended to provide the appropriately designated land and infrastructure needed to support business development and a variety of employment opportunities. In the past several decades, employment growth was focused on the creation of an employment land component in each developing community. As the city approaches full build-out, the establishment of Subregional Employment Areas is intended to target new growth of regional and other employment uses in fewer locations so that connections via an improved transportation and transit system are possible. Figure EP-2 identifies the Regional Center and the five Subregional Employment Areas in the city. Appendix EP-3 offers guidance for the role each area will provide as an employment node.

D. Education and Workforce Development

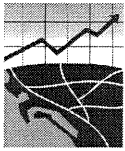
Goals

- ◆ A city that provides life-long skills and learning opportunities by investing in excellent schools, post-secondary institutions, and opportunities for continuous education and training.
- ◆ Equitable access to educational opportunities
- ◆ A city that will continue to incubate growth and investment by providing a skilled and educated workforce that meets industry needs

Discussion

As the city of San Diego is moving toward a more knowledge-based economy, the key to increasing our residents' standard of living is to equip our future workforce with the tools to succeed. Forecasted job growth in high technology areas such as biosciences, biomedical, telecommunications, computer and electronics manufacturing, and software and computer services will result in an increase in the demand for highly skilled workers. If the city is to remain competitive in attracting, retaining, and developing businesses that could serve as a catalyst to economic prosperity, we must cultivate a well-trained workforce to attain the jobs we hope to create.

Our residents have an increasing level of educational attainment levels relative to the nation as a whole, but over the next twenty years, our schools will not produce enough graduates to keep up



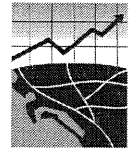
with future employment demand thereby increasing the need to recruit workers from outside the region. Also, despite the region's high educational attainment level, we have relatively more people with less than a high school education. There is a disparity in educational achievement among races and ethnic groups and an even greater disparity between communities in the city. Programs that target the under-represented, provide training for low-wage earners to move up career ladders, prepare youth for the workforce, alongside programs that encourage growth and retention of skilled workers in the high technology areas are critical to the equitable development of the city. These activities can assist in reducing poverty that affects the physical characteristics of communities and the overall quality of life for all residents.

The city should continue to be proactive with the private sector, educational institutions, and other agency partners in addressing shortages in our employment market. Currently, efforts are being made in our public schools, community colleges and universities to address existing industry gaps and deficiencies. The city has participated with private, non-profit agencies that strive to create a comprehensive workforce development system that ensures a skilled productive workforce to support a healthy regional economy.

There are also additional barriers that inhibit segments of the population from fully reaping the economic and intellectual benefits of technology. Coordinated regional technology planning focused on computer ownership and internet access in homes, the quality of technology usage in schools, public access to community technology centers would enable the city to maximize the impact of its limited discretionary funds and make better use of established programs.

Policies

- EP-D.1 Continue and strengthen the city's role in workforce development organizations that: provide adult and youth workforce development; adult retraining; and targeted services for unrepresented and under-represented groups such as low-income youth and adults, people of color, women, individuals with disabilities and the homeless. Continue to support programs that address potential job gaps in growing industries, and current gaps throughout all industries, to match job training and workforce development with employment needs.
- EP-D.2 Support after school programs that focus on educational enrichment and skills training.
- EP-D.3 Support efforts to provide labor market information from data sources and industry sectors to local educational institutions, training agencies, and the public.
- EP-D.4 Encourage city departments and other organizations to provide internships for students of all levels.
- EP-D.5 Encourage academic sector participation in city advisory groups that address issues of workforce development and emerging technologies.



- EP-D.6 Seek the cooperation of city agencies and departments along with other jurisdictions and organizations to coordinate regional economic and workforce goals.
- EP-D.7 Assist in increasing the availability, use, and attainment of technology for low-income residents.
- EP-D.8 Coordinate with other jurisdictions and the private sector to establish and implement a regional technology plan that addresses the current and long-term technology needs across all industry sectors.

E. Employment Development

Goals

- ◆ A broad distribution of economic opportunity throughout the city
- ◆ A higher standard of living through increased wages and benefits in low-wage industries
- ◆ A city with an increase in the number of quality jobs for local residents including middle-income employment opportunities and jobs with career ladders.

Discussion

Job creation and retention are directly related to enhanced economic development opportunities. The combination of preparing the local workforce for the types of jobs the region is creating, and then focusing on developing jobs that pay an adequate wage and advancement potential will help the city address the disparity between income levels. The nationwide economic trend away from the production and assembly of physical goods and toward the provision of services and the production of intellectual property has resulted in the loss many manufacturing jobs in the middle-income range to other regions and overseas. Within the United States, long-term trends suggest that workers and firms have been moving to areas in the South and Southwest that have lower costs of living and lower wages.

San Diego is one of the top ten cities in the country projected for job growth in the next 20 years. New jobs will continue to be created by high technology companies including telecommunications, electronics, computers, software, and biotechnology. The expansion of high technology industries in San Diego has successfully created higher income employment opportunities for local residents and has also attracted others outside the region seeking high technology employment. Because these export-driven industries compete in national and international markets, they have favorable long-term growth potential and also support locally-based firms which supply services and products.

However, the majority of the additional jobs over the next few years will be in the services



industries. The continued success of the visitor industry and retail/business service occupations has resulted in an increased percentage of lower-wage employment in the city. Unfortunately, the most significant decline in average wages in the region has occurred in low-paying industries. The city of San Diego should increase the quality of these jobs by encouraging the development of career ladders in these low-wage industries.

The shift away from base-sector manufacturing to base-sector service and knowledge-based employment has contributed to an “hourglass” economy in the city. A middle-income job provides benefits, offers full-time employment, and is associated with a career ladder. These jobs pay a wage that will cover the cost of housing, food and healthcare, with some money left over for discretionary spending. They are central to the city’s economic health because they reduce the burden on social, health, and housing programs and assure an adequate supply of discretionary income resulting in higher sales tax revenue for the city. Savings from public programs and additional sales tax revenue from discretionary purchases enable the city to invest in education, mobility, conservation, community infrastructure and other areas vital to San Diego’s economic competitiveness.

Policies

EP-E.1 Encourage the retention and creation of middle-income employment by

:

- Preserving employment land and capacity for base sector export industries that generate opportunities for middle-income wage earners.
- Investing in infrastructure, educational and skill development, and quality of life assets that support middle-income employment development
- Encouraging the development of measures that facilitate expansion of high technology business facilities that have the potential to create middle-income jobs likely to be filled by local residents.
- Creating middle-income employment and higher quality jobs in low-paying driver industries such as visitor, entertainment and amusement through business incentives and legislation

EP-E.2 Support state and federal legislation to increase employee health benefits and address the rising costs of businesses that are providing healthcare for their employees.

EP-E.3 Support measures to increase wages in low-wage industries including efforts to create career ladders.

EP-E.4 Support living wage, or similar legislation, to increase the standard of living for lower income residents.



EP-E.5 Continue to promote job opportunities accessible to residents in low-income neighborhoods.

F. Business Development

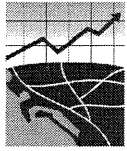
Goals

- ◆ A city able to attract and maintain the type of businesses likely to contribute positively to the local economy. These industries contribute to a diverse economic base, maintain environmental quality, and provide high quality employment opportunities
- ◆ A city focused on promoting local entrepreneurship to build locally based industries and businesses that can succeed in local, national, and international markets
- ◆ A city with thriving businesses, particularly in existing urban areas
- ◆ A city with opportunities for growth and expansion of small businesses

Discussion

Businesses which contribute the most to the local economy enhance the diversity of the economic base, maintain environmental quality, generate revenue to provide essential community services, and provide employment opportunities for local residents. Although the city has many programs aimed at specific economic development goals, business incentive programs were established to attract and retain major revenue, job generating, and revitalization projects throughout the city. Although municipal incentives such as financial or processing assistance are not a substitute for market demand, public incentives can focus existing demand into specific areas of the city where economic development is desired. This will increase the success of public efforts by optimizing existing limited public resources.

Nationally, there is a trend toward smaller business units that offer the innovation, speed, and flexibility required in today's economy and the vast majority of businesses operating within the city are small businesses (12 or fewer employees). They are responsible for more than half of all new jobs created in the city and also provide revenue to the city through business license tax contributions to the general fund and increased sales tax revenue. Small businesses are more likely to be locally owned and operated therefore profits are recycled into and benefit the local economy. Many businesses depend upon attracting and retaining people who have entrepreneurial, technical, or creative talent who want proximity to diverse urban centers. Therefore, the growth of small businesses also contribute to the City of Villages strategy which



seeks to maximize private investment in urban communities, improve community facilities, increase property values, and enhance community character and identity.

Policies

- EP-F.1 Support the growth and expansion of the city's economic base.
 - a. Update business incentive programs to provide incentives to projects and industries which have a demonstrated potential to provide middle-income job opportunities, that contribute to revitalization in urban areas, and which contribute to the development of village-type urban areas served by transit systems.
 - b. Regularly update business incentive programs based on the ongoing evaluation of economic conditions to determine the industries, sectors, and locations that are most significant to regional and local economic growth and creation of quality jobs.
- EP-F.2 Develop and maintain programs and services that address the changing needs of the local business community.
- EP-F.3 Provide assistance for public improvement projects to revitalize business districts.
- EP-F.4 Support and encourage local business improvement districts to provide private sector revitalization solutions.
- EP-F.5 Evaluate the creation of community development corporations to assist with business growth in urbanized areas.
- EP-F.6. Recognize and maintain the unique qualities of the different neighborhood business districts, particularly in villages and transit corridors.
- EP-F.7. Prioritize economic development efforts to grow local businesses.
 - a. Assist existing business owners in accessing programs that can provide financial assistance and business consulting services. Such programs include Small Business Administration loans, façade renovation, and redevelopment assisted forgivable loans.
 - b. Expand small business assistance to include technical and financial assistance for small emerging technology firms and firms involved in international trade.
 - c. Pursue public/private partnerships to provide subsidized incubation spaces for small business.

G. Military Installations

Goal

- ♦ A city which preserves the ability of military installations to achieve their mission and to remain in San Diego



Discussion

Although San Diego's economy was once dominated by defense and military expenditures, the military and defense sector are still a major contributor to our base-sector economy through the creation of jobs, military and civilian spending, and technology. This region and city are home to more than ten military installations and San Diego remains the Navy's principal location for West Coast and Pacific Ocean naval operations. Incompatible land uses close to military installations can have a negative impact on military readiness that may compromise the ability of an installation to achieve its mission. Additionally, such development could threaten public safety by placing residents and customers in harms way due to potential accidents. Such urban encroachment can also affect the economic health of a community if a military operation must relocate. In recognition of the importance of military facilities, the state has adopted legislation to guarantee that military interests are addressed through the planning process.

It is in the best interest of both the city and the military to continue to work together to anticipate future growth and development through comprehensive land use planning. Further, they must agree on implementation and enforcement mechanisms that allow the city to maintain and enhance the quality of life without encroaching into land considered vital to this nation's defense.

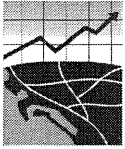
Policies

- EP-G.1 Coordinate with military base representatives to insure that community plan updates and amendments, rezones, and projects for areas adjacent to military facilities or underlying designated military training routes and airspace do not affect military readiness. Projects and plan preparation should consider the impact of future land uses on public safety and military readiness activities carried out on military bases, installations, and operating and training areas based upon the information that the military and other sources provide.
- EP-G.2 Support efforts to retain military installations in the city of San Diego through the Department of Defense Base Realignment and Closure (BRAC) process.
- EP-G.3 Consider uses which increase the public economic benefit of the land when preparing comprehensive plans for the reuse of public lands available through the BRAC process.

H. Visitor Industries

Goals

- ♦ A city that encourages investments in the tourism industry that also benefit existing residents and support community reinvestment.



- ◆ A city that recognizes the benefits of and promotes cultural heritage tourism in the overall economy.

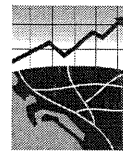
Discussion

Due to San Diego's natural amenities and special environments such as its beaches, bays, canyons, climate; and the arts, culture, and entertainment opportunities available to visitors, the city has gained a reputation as a desired vacation destination. These same amenities also contribute to the quality of life for San Diego residents. In the year 2000, the San Diego region's travel and tourism industry, which includes transportation, accommodations, catering, recreation and travelers services, gained \$5.3 billion from visitors, making the visitor industry San Diego's third largest sector, following manufacturing and the military.

The Transient Occupancy Tax ordinance (TOT) was adopted in 1964 to promote the tax generating travel, tourism, and convention activities. The current tax rate is one of the lowest rates for similar cities. Currently, the tax generates approximately \$100 million in total revenue to the city, more than half of which contribute to the city's general fund, and almost half to special promotional programs related economic development and tourism support, maintenance of visitor-related facilities, and capital improvements. A significant portion of these funds, including the TOT's contribution to the city's major recreational amenities such as Balboa Park, Mission Bay, and Petco Park, also benefits local residents.

Although the visitor services industries will experience high employment growth in the short term, it has not resulted in the creation of middle-income jobs for San Diego residents. Currently, the average annual salary for employees in the visitor service industry is half of the regional average wage and ranking it among the lowest of all of the key industries in the San Diego region. Despite the low wages, the visitor services industry contributes to the diversity and stability of the local economy, including its ability to maintain a relatively low unemployment rate.

Cultural heritage tourism means traveling to experience the places and activities that authentically represent the stories and people of the past and present including irreplaceable historic, cultural and natural resources. San Diego is rich with opportunities for cultural heritage tourism. Tourists can find first class museums, year round cultural events, period architecture, and walking tours. It represents an increasingly large and lucrative segment of the travel industry.. It not only strengthens regional identity and local pride, but is also a good source of revenue for the community. Heritage tourism, as an economic development strategy, creates new business, provides job opportunities, increases property values, and encourages private investment. Cultural heritage tourism directly affects local economies while aiding the physical transformation of communities, preserves historic resources, and creates destinations for tourists and local residents.



Policies

- EP-H.1 Develop a priority ranking system for Transit Occupancy Tax projects and programs which focuses on communities with existing needs and village characteristics consistent with the Public Facilities and Services Element Section B, Prioritization. Include consideration of the following criteria, and others as needed, in the ranking system:
- The creation of middle-income employment opportunities
 - Programs to assist businesses which offer living wages and demonstrate use of training or programs resulting in career ladders
 - Visitor oriented projects and programs that provide the most direct benefit to San Diego residents.
- EP-H.2 Consider businesses which offer living wages and demonstrate use of training/programs resulting in career ladders for its employees in preparing and implementing business incentive programs for private, tourist related development projects.
- EP-H.3 Support the efforts of the Port of San Diego to enlarge and enhance the existing cruise ship terminal to accommodate this growing industry.
- EP-H.3 Collaborate with tourism industry representatives to design projects that enhance San Diego's natural amenities.
- EP-H.4 Support the development of business attractions that are compatible with historic districts.
- EP-H.5 Identify compatible adaptive reuse of historical buildings and structures in areas designated for commercial tourism.
- EP-H.6 Promote the development of walking, driving, and bicycling tours of San Diego's historic areas and special environments.

I. International Trade, Maritime Trade, and Border Relations

Goals

- ◆ A city that takes advantage of its location as part of a greater interregional and bi-national area to be a strong competitor in the global marketplace
- ◆ A city that actively promotes greater interregional and bi-national cooperation
- ◆ A city that protects the quality of life in the greater border region while keeping the region secure



- ◆ A city that promotes reliable and efficient passenger and commercial transportation systems along the U.S. – Mexico border
- ◆ A city that promotes and protects waterborne industry and commerce through cargo and cruise terminals
- ◆ A city that supports commerce through enhancement of air cargo facilities and operations.
- ◆ A city that encourages San Diego's working waterfront to continue to become a more vital part of the region's economy and quality of life

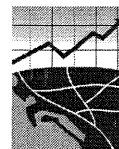
Discussion

Trade, commerce, and goods movement account for billions of dollars in economic growth for both the U.S. and Mexico. This places the city of San Diego, along the U.S.-Mexico border, in a unique location, particularly as a gateway to international trade in Southern California. San Diego and Tijuana have the largest population of any twin city area along the entire U.S.-Mexico border. At the San Diego-Tijuana region's two border crossings, Otay Mesa and San Ysidro, millions of northbound crossings are made each month to work, to school, to shop, and enjoy local attractions. These visits have been estimated to contribute billions of dollars annually to the Southern California and Baja California economies.

International trade contributes greatly to our economy and directly or indirectly supports a significant number of jobs in the San Diego region. International trade is the fastest growing sector of our nation's Gross Domestic Product (GDP) and accounts for up to half of the annual growth of the nation's GDP. Much of our region's world trade exports pass through San Diego's international ports of entry. However, border crossing wait times for both passenger and commercial vehicles have increased the costs of international trade and adversely affect the lives of individuals from California and Baja California who cross the border.

The continuing growth of the production sharing industry in Tijuana plays an important role in the region. San Diego-based companies offer critical support in terms of administration, logistics, transportation, research and development, shared manufacturing, warehousing and distribution. However, the industry is under competitive pressure from other offshore production centers where the cost of labor is comparatively cheaper. To counter this effect, Baja California is developing other sectors such as the automobile, pharmaceutical, and technology industries, and defense work where proximity to the market is a significant factor.

The Port of San Diego represents the economic ideal of industrial diversification as an economic motivator for the entire region. The San Diego region operates major cargo facilities that support trade and manufacturing as well as non-manufacturing activities such as maritime commerce, goods movement, retail, boat charters, marina services, bay cruises, sport and commercial fishing, yacht sales, lodging and military. The waterfront supports a significant amount of both



military and civilian workers. Based on the economic importance of the waterfront to the San Diego region, preserving and protecting San Diego's waterfront business activities is critical in providing a diverse workforce and regional economic vitality. San Diego should also assure that commerce related to air cargo can continue to expand. Additional discussion of air cargo and goods movement is contained in Sections H and J of the Mobility Element.

Policies

- EP-I.1 Participate in and support regional and bi-national efforts that develop strategies for key border issues such as the alleviation of long border wait times, infrastructure improvements, public safety, economic development, border inspection and national security at the international border and surrounding areas.
- EP-I.2 Support trade-related activities along the border, such as warehousing, distribution, manufacturing, assembly, production sharing, and transportation-related facilities.
- EP-I.3 Encourage participation in business incentive areas/zones in Otay Mesa and San Ysidro to take advantage of their unique location for industries engaged in production sharing strategies and cross-border trade.
- EP-I.4 Support infrastructure improvements that encourage the expansion of international trade capabilities in the city and the bi-national region.
- EP-I.5 Support measures to encourage frequent border crossers to participate in ports of entry programs. These measures should also facilitate the application process for people and vehicles.
- EP-I.6 Support efforts that facilitate the efficient movement of goods across the border for rail and truck such as dedicated fast lanes and crossing cards that expedite border crossing for the production sharing trucking industry.
- EP-I.7 Create international connections that improve port-of-entry efficiency, enhance linkages, and improve border appearance to foster a more welcoming environment.
- EP-I.8 Develop a unique and festive bi-national village adjacent to the International border combining employment, retail, entertainment, and cultural uses connected by a pedestrian bridge to a similar zone in Tijuana.
- EP I.9 Support efforts to expand the hours of operation for the commercial port of entry at Otay Mesa to achieve greater flexibility and competitiveness for the entire border region.
- EP-I.10 Retain land uses to support waterfront commerce and industry that provide for U.S. Naval operations, ship repair, and movement of waterborne goods.



EP-I-11 Protect and promote working waterfront jobs that provide family-supporting wages

EP-I-12 Support the role of San Diego as a significant Navy port.

EP-I-13 Promote the expansion of air cargo capacity in San Diego.

J. Redevelopment

Goal

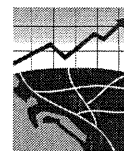
- ♦ A city which redevelops and revitalizes areas which were blighted to a condition of social, economic, and physical vitality, consistent with community plans..

Discussion

Redevelopment is a legal process and financial tool that assists in the elimination of blight from designated areas through new development, infrastructure, public spaces and facilities, reconstruction, and rehabilitation. It provides cities and counties with a powerful tool to address deteriorating conditions of slum and blight within older urbanized areas of their jurisdictions. The Redevelopment Agency of the city of San Diego was established in 1958 based on California Community Redevelopment Law (CCRL), Health & Safety Code, § 33000, et. seq.

The redevelopment plans provide a general description of the projects to be implemented therein. The redevelopment plan adoption process is prescribed by CCRL and provides for substantial citizen participation and must conform to the General Plan and respective community plan(s). Project areas are predominantly urbanized and exhibit conditions of both physical and economic blight. 'Predominantly urbanized' is defined as developed parcels, vacant parcels that are an integral part of and surrounded by urban uses, and irregular subdivided lots in multiple ownership that cannot be properly used. Blight covers conditions that constitute a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or government action, or both, without redevelopment.

Conditions of physical blight include unsafe or unhealthy buildings, substandard design, lack of parking, incompatible uses, subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership. The types of conditions that cause economic blight include depreciated or stagnant property values or impaired investments, including those properties containing hazardous wastes; abnormally high business vacancies, low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots within an area developed for urban use and served by utilities; a lack of necessary commercial facilities that are

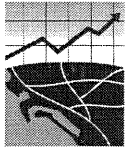


normally found in a neighborhood; residential overcrowding; an excess of businesses that cater exclusively to adults that led to problems of public safety and welfare; and a high crime rate that constitutes a serious threat to the public safety and welfare.

Redevelopment project areas are frequently proposed as a tool for community revitalization. There are potential social costs as well as benefits associated with redevelopment. Social costs can include displacement of residents and businesses, while social benefits may include new employment opportunities, affordable housing, improved physical appearance, new or renovated public facilities and increased community pride. The Redevelopment Agency is required to assist with the relocation of any persons or businesses that are displaced. Implementation of redevelopment projects typically occurs over a number of decades and the revitalization that redevelopment is intended to spark may take several years. Adoption of a redevelopment plan allows the Agency to utilize a variety of extraordinary financial and legal tools such as tax increment financing, owner participation agreements, eminent domain, and affordable housing requirements in promoting sustainable development in the community.

Policies

- EP-J.1 Support the use of redevelopment in conjunction with input from the respective communities, subject to public hearings and approvals by the City Council, for those urbanized areas meeting the requirements of California Community Redevelopment Law (CCRL).
- EP-J.2 Ensure project areas are of an adequate size to create critical mass and generate sufficient tax increment to stimulate successful redevelopment activities over the life of the redevelopment plan and achieve long-term community objectives.
- EP-J.3 Encourage the use of tax increment funds for projects and associated infrastructure improvements that will stimulate future tax increment growth within the project areas and are consistent with the respective five-year implementation plans.
- EP-J.4 Encourage redevelopment assisted affordable housing investment within the same redevelopment project area or in close proximity to where the tax increment is generated, only to the degree that such affordable housing is not overconcentrated in particular areas.
- EP-J.5 Encourage the provision of affordable housing concurrent with all redevelopment assisted residential and mixed-use development projects.
- EP-J.6 Coordinate with other municipalities, school districts, and other public and/or nonprofit agencies to achieve General Plan, redevelopment and community plan goals.
- EP-J.7 Equitably distribute new public facilities within a project area that increase and enhance community quality of life. Distribution of new facilities should consider the



most deficient areas of a community as a priority.

- EP-J.8 Utilize redevelopment to eliminate or minimize land use conflicts that pose a significant hazard to human health and safety.
- EP-J.9 Minimize displacement of existing residents, businesses, and uses in redevelopment projects. Displacees should have adequate access to institutions, employment and services.
- EP-J.10 Extend involvement opportunities to existing property owners in the redevelopment process by encouraging the use of owner participation agreements.

K. Economic Information, Monitoring, and Strategic Initiatives

Goal

- ♦ An informed public decision-making process by providing economic information to the public and decision makers.

Discussion

Major development projects can have a significant impact on the economic environment of a community, especially those that were not envisioned as part of the community in the planning process. A formal method of providing information on the fiscal and economic impacts of revisions to community plans can assist decision makers, community planning groups and other community members that review planning projects. The assessment should serve as an informational tool only; it should not create criteria or standards for project approval.

Indicators have been developed for the purpose of monitoring community economic performance. Traditionally, economic indicators have focused on the profits and losses of community businesses. However, the vision outlined in the city of San Diego's Economic Prosperity Element requires a more comprehensive view. Initially, nine indicators were developed to address housing, smart growth, and equity; these are all facets of San Diego's economic prosperity. The nine indicators include; retail, office, and rental housing vacancy rates, median income, median income to housing ratio, number of residential, commercial, and industrial building permits, juvenile contacts, and violent crimes. Other indices may be added to the report over time. The indicators, in combination with the existing conditions database, will provide decision makers and community groups with frequently updated information about their communities.

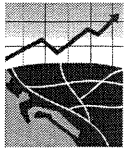
Based on the monitoring of near and long-term economic information and trends, and a continual assessment of San Diego's competitiveness in a global marketplace, it is important to develop,



update, and maintain an economic development strategy, linked to the regional economic development strategy, to identify and respond to issues, establish priorities, and lay out strategies and initiatives for new and existing industries, working with the private sector.

Policies

- EP-K.1 Prepare and update an Economic Development Strategic Plan every three years to report on economic trends, describe targeted industry clusters, identify economic issues for the city, inform infrastructure and land use priorities, and develop strategies for addressing near-to-mid term economic issues and identify new initiatives with the private sector, within the context of long-term goals.
- EP-K.2 Provide more information regarding the effects of development through the development of a Community and Economic Benefit Assessment process focusing on economic and fiscal impact information for significant community plan amendments involving land use or intensity revisions, and for proposed commercial developments with large retail establishments over 120,000 square feet in size. A determination of the "significance" of proposed community plan amendments should occur as part of the initiation process.
- EP-K.3 Continue to evaluate citywide and community economic conditions on an ongoing basis and update the list of economic indicators as new data become available.
- EP-K.4. Utilize economic indicators to determine the effect of past and current public planning and economic development programs identify the need for new strategies, and establish priorities for public investment.



Appendix EP-1

Prime Industrial Land Criteria

Designated Industrial

Is the land designated for industrial uses in the applicable community plan?

Restrictive Industrial Zoning

Is the land in an area where zones have been applied to restrict residential and commercial uses that were previously permitted in many older industrial areas? Since these areas are less likely to contain a significant amount of non-industrial uses, the feasibility of attracting new industrial development is increased.

Market Feasibility

In communities where at least 30 acres of fully entitled vacant land is available for sale, are land prices low enough so that new industrial development is still feasible?

Predominately Developed with Industrial Structures

Is the majority of the developed portion of the industrial area been developed with modern industrial structures? Modern industrial structures are defined as one-, two- or three-story buildings and accessory structures which were built using concrete tilt-up panes or steel frame construction, and have less than 50 percent of the gross floor areas built as offices. These structures generally have exposed concrete, tile, raised, or “sticky” floors, have at least 15-foot floor-to-ceiling clear heights on each story to accommodate mechanical equipment, and must have at least one loading dock or drive-in truck door. Specialized industrial structures such as tanks, plumbing systems, conveyors, fixed cranes, loading and off-loading platforms, cogeneration plants, nitrogen plants, and turbine systems are included in this criterion.

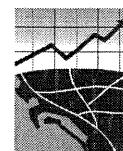
Free from Non-Industrial Encroachment

Is the industrial area generally free from residential uses and does it contain few institutional or “public assembly” uses or sensitive receptor land uses? Are less than 50 percent of existing uses commercial, or other non-industrial uses? Commercial uses are defined as institutional uses, retail sales, commercial services, offices, and vehicle and vehicular equipment sales and services.

Proximity to Resources of Extraordinary Value

Is the area in proximity to certain human resources and infrastructure investments to which access is fundamental to the type of use it would support? San Diego’s existing and probable future industrial companies basically fall into two groups:

1. High-technology businesses (bio-technology, business equipment and defense manufacturing) where site selection is driven by the need to have access to universities and science and engineering workers.
2. International trade, logistics, and ship building businesses where site selection is driven by access to physical resources such as harbor facilities and other ports-of-entry such as the border truck crossing and U.S. Customs facilities in Otay Mesa.



Appendix EP-2

Collocation/Conversion Suitability Factors

Area Characteristics	<p>Is the area characterized by office development?</p> <p>Is the area in transition where significant encroachment of non-industrial uses has already occurred?</p> <p>Is the area unattractive to manufacturing, research and development, wholesale distribution, and warehousing uses, based on a variety of factors including: physical site characteristics, parcel size, parcel configuration, surrounding development patterns, transportation access, and long-term market trends?</p>
Transit Availability	<p>Is the area located within one-third mile of existing or planned public transit? If public transit service is not planned or is inadequate, is the project proponent able to provide or subsidize transit services to the project?</p>
Impact on Prime Industrial Lands	<p>Will a redesignation to residential use or the approval of a discretionary project in an area adjacent to prime industrial lands erode the utility of the prime industrial lands for industrial purposes?</p>
Significance of Residential/ Employment Component	<p>Is there a need for housing to serve the adjacent employment/industrial lands? Is the proposed residential land use significant enough to justify a change in land use? If residential is proposed on the same site, can the amount of employment space on the site be retained?</p>
Residential Support Facilities	<p>Are there public and commercial facilities generally associated with residential neighborhoods in close proximity to the area, such as: recreational facilities, grocery stores, and schools?</p>
Airport Land Use Compatibility	<p>Is the site located in airport influence area where incompatibilities may result due to adopted Airport Land Use Compatibility Plan policies, Air Installation Compatibility Use Zone Study recommendations, and restrictive use easements?</p>
Public Health	<p>Is the site located in an employment area where incompatibilities may result regarding truck traffic, odors, noise, safety, and other external environmental effects?</p>
Public Facilities	<p>Are there public facilities available to serve the residential units? Provide public facilities on-site wherever feasible.</p>
Separation of Uses	<p>Is there adequate separation between industrial and residential properties with regard to toxic air contaminant or toxic substances? Determine if there are any sources of toxic air contaminants or toxic substances within on quarter mile of the prosperity where residential or other sensitive receptor land uses are proposed and properties where such contaminants or substances are located. If so, provide a 1000-ft. distance separation between property lines or provide a study that indicates the appropriate distance between uses after mitigation measures.</p>



Appendix EP-3

Regional Center

Centre City

Over the next twenty years, downtown should consolidate its position as the premier urban village in San Diego. This area is currently the governmental, legal, cultural, convention, and tourism center for San Diego County. The Centre City Redevelopment Area and adjacent Balboa Park contain most of the city's major cultural facilities including museums, symphony, opera and live theaters. The Gaslamp Quarter, Embarcadero and Balboa Park are among the leading entertainment and tourism draws in the region. In the past decade, downtown has also become the fastest growing residential area in the city.

Traditionally, downtown has also been the largest and most important employment center in the region. However, in the past few decades nearly all employment growth has occurred outside of downtown. Currently, only five to six percent of San Diego County jobs remain downtown. There are many reasons for this, including the competing demand to use downtown land for residential use and preference of employers to expand companies in the north city areas where most executive housing is located.

A key goal is to have downtown re-emerge as the most important, prestigious and fastest growing employment center in the city by encouraging intensification of employment uses. This is desirable because downtown is the hub of the region's transit system. A related goal is to expand the types of employment attracted to downtown to be much more diverse than the jobs which are currently located there. This would include more opportunities for private sector companies, particularly high-technology uses to locate within the Center City.

The Centre City Community Plan allows employment uses throughout most areas of downtown, with three areas designated as employment required areas. Although non-employment uses would be allowed in these areas, a certain amount of employment must be included on each block in these areas. The largest employment required area includes the existing commercial office core along Broadway and C Streets extending north to Ash Street. Two smaller areas in the northeast and southeast corners of downtown are envisioned as employment areas that would encourage industries that need large floor plate spaces.

Subregional Employment Areas

The Mission Valley/Morena/Grantville Subregional Employment Area

During the last four decades, these three adjacent areas developed individually and independently but are now connected by the Interstate 8 Freeway. The construction of the



freeway has resulted in communities that are ideal for commercial developments such as office buildings, hotels, large retail establishments, auto dealerships, and a great variety of smaller retail and service-sector establishments. The Morena and Grantville areas originally developed with industrial uses, but most of the industrial uses have relocated to the northern part of the city because of their inability to compete effectively with commercial uses for land and buildings in these areas and the changing needs of modern industrial businesses for larger more efficient industrial buildings. Morena is part of the adopted North Bay Redevelopment Project Area and the Linda Vista Community Plan. Grantville is within a redevelopment study area in the Navajo Community Plan. Despite the fact that these two areas have been historically designated for industrial uses, they have become largely commercialized and no new industrial uses are likely to occur here. In Morena, a goal of the community plan is to maintain the job base of the area by retaining the existing industrial uses in the west and allowing a wide variety of commercial uses, including heavy commercial uses and specialty commercial districts in the remaining areas. In both Morena and Grantville, residential uses are appropriate in targeted locations. The application of more refined community plan land use designations can assist in separating potentially incompatible uses.

Mission Valley developed later and is just now approaching full build-out. This community has only three small pockets of industrially designated land. One, Mission Valley Heights, has been developed predominantly as an office park with retail uses. The second has been developed as a major gasoline distribution terminal, and the third constitutes the *San Diego Union-Tribune* newspaper publishing plant. Future growth in Mission Valley is dependent on improvements to the existing transportation infrastructure. However, the predominant role of Mission Valley as a regional commercial employment center will continue since commercial uses have increased and intensified. In addition, medium to high density multifamily residential uses are encouraged as guided by the Mission Valley Community Plan.

Over the next several years, some infill development proposals may be likely, along with expansion proposals from existing developments. Future employment uses in Mission Valley should be in the form of office development rather than additional regional commercial uses. The addition of a mixture of employment and residential uses will maximize the value of recent transportation infrastructure improvements, most notably the Mission Valley Trolley Line.

The University/Sorrento Mesa Subregional Employment Area

University City has developed easterly of the University of California at San Diego (UCSD) and around the regional shopping mall known as University Towne Centre. The northern area is characterized by large low-rise industrial and mid-rise office structures in well planned industrial parks with substantial landscaping and curvilinear streets. These industrial parks were developed to complement the academic scientific research at UCSD by creating a campus-like atmosphere conducive to the application of scientific research to high technology product development. Residential uses are separated from the Eastgate Technology Park and Campus Point Industrial Park by open space buffer areas.



The southerly area has been developed with a balanced mixture of mid- and high-rise office buildings, multifamily housing, hospitals and institutions, retail, and hospitality uses. This area is currently served by transit and future plans call for major transit improvements in this area by including a trolley line which will provide connections to transit bus routes. In areas immediately north and south of La Jolla Village Drive, the efficient location of high-density employment office uses adjacent to medium and high-density multifamily developments with retail services enhances the potential for pedestrian-oriented village development.

Sorrento Mesa and Sorrento Valley are two industrial areas which, when taken together, constitute the city's largest and most diverse concentration of high technology industrial parks. These are key areas to the city's economic growth. The two areas are linked by Sorrento Valley Road, but each developed separately, under different conditions and during different time periods. Sorrento Valley was largely built out during the late 1960s and 1970s as a series of industrial parks with low-rise, primarily single story, smaller industrial buildings. These buildings originally housed smaller general industrial and service-sector businesses before the onset of high technology growth. By contrast, Sorrento Mesa was developed mostly in the 1980s and 1990s specifically by and for high technology businesses. Therefore the buildings are much newer, larger and have the requisite features for high technology industrial uses. While both areas are inter-related economically and geographically adjacent to each other, Sorrento Valley is part of the Torrey Pines Community, and Sorrento Mesa is part of the Mira Mesa Community. Sorrento Valley is primarily industrial and is geographically separated from nearby residential areas by Peñasquitos Lagoon. Sorrento Mesa is also entirely industrial except for the Wateridge housing project in the western part of this industrial sub-area. Community plan updates for both the Torrey Pines and Mira Mesa communities should apply the appropriate industrial land use designations to preserve existing and encourage new high technology uses in these two areas.

The employment-generating industrial areas of Sorrento Valley and Sorrento Mesa are balanced by a larger area of single-family and low/medium-density multifamily residential units to the east and north. Empirical evidence indicates that a substantial portion of the industrial employees in these areas live in the nearby residential portion of Mira Mesa, and in neighboring residential communities such as Carmel Valley and Rancho Peñasquitos. Some encroachment into these industrial areas by commercial office uses has already occurred, because of permissive light industrial zoning and a strong regional office market. The retention of the Industrial Park land use designation to preserve this area for high technology manufacturing, research and development, and secondary uses will protect the area from further encroachment by non-industrial uses, including residential uses, and preserve the ability of existing industrial users to expand. In addition, the intensity of development permitted under existing regulations provides for more intense industrial manufacturing uses over the next several years as new technological advances are implemented.

Midway-Pacific Highway Subregional Employment Area

The industrial areas of the Midway-Pacific Highway Community are among the oldest in San



Diego. The existing structures lack the size and features necessary for modern industrial operations and therefore are not attractive for most high technology or base-sector users. Permissive industrial zoning has also allowed the area to become dominated by large institutional uses and large retail establishments which have led to high land prices and significant traffic congestion, the combination of which undermines the area's attractiveness to new warehouse or distribution-type industrial users who might have otherwise redeveloped the area because of its proximity to the airport.

The eastern portion of the community is well served by existing transit infrastructure which contributes to the area's suitability for redevelopment with mixed-uses, multifamily residential, office, and retail uses. Lot consolidation, structured parking, and pedestrian-oriented developments will permit better land utilization with higher densities, and lower traffic congestion than currently exists. High land prices, proximity to major institutional uses and tourist attractions can clearly make such re-use economically feasible.

Therefore, in this area, the redevelopment of land containing uses which are no longer economically viable should be encouraged where public infrastructure is available. These alternative land uses should include medium to high density residential uses, mixed-use villages and new office development such as software and web development, telecommunications, engineering and other functions.

Kearny Mesa Subregional Employment Area

The Kearny Mesa industrial area was built out mostly during the 1960s and 1970s for a wide range of commercial and industrial uses with a similarly diverse range of structure sizes and types. Many portions of the community have largely developed as non-industrial commercial, institutional, or office uses much like the industrially-designated areas in the Interstate 8 and Interstate 5 freeway corridors. The redevelopment of the former General Dynamics site has led to the development of new multifamily housing in the center of Kearny Mesa.

Many areas within Kearny Mesa which have been developed with retail establishments have already been redesignated for commercial uses. However, other areas, particularly in the western portion of the community and south of Aero Drive, still have an industrial designation, but encroachment by non-industrial uses has rendered many areas unsuitable for base-sector industrial uses. This is because the structures are unsuitable for industrial uses, or the competition from non-industrial uses has driven the land costs so high that industrial use has become infeasible. In the long term, consideration should be given to additional office employment uses in these areas and multifamily residential uses, particularly along the commercial transit corridors. Certain other areas, such as those to the north and east of Montgomery Field have remained primarily industrial, characterized by both light and heavy manufacturing operations and large-scale distribution centers. They are an important source of employment for the surrounding communities and an essential part of the city's overall economic base. Industrial land use designations which strictly limit encroachment of non-industrial uses in these areas should be applied.



Otay Mesa Subregional Employment Area

All of the industrial development in Otay Mesa has taken place during the last two decades. Otay Mesa is unique among the city's industrial areas because of its geographic separation from most of the city and location along the Mexican border. This proximity to Mexico, plus the broad flat topography makes it ideal as a location for distribution centers operated by logistics companies and other firms doing business in Mexico. Although low land prices have led to the development of industrial structures for firms not doing business in Mexico, a significant number of the industrial establishments in this area provide critical support to over 700 production sharing companies located in Baja California. The vast majority of the industrial plants here are set up to perform the final assembly, testing, packaging, labeling, and distribution of products such as consumer electronics, automotive, furniture and medical supplies which are produced in whole, or in part, immediately south of the border. More recently, some non Mexico-related manufacturers and distributors have begun relocating to Otay Mesa from other parts of Southern California due to the availability of large contiguous parcels, land costs and industrial lease rates. Most structures in this area are modern single story concrete "tilt-up" industrial buildings with large floor-plates, tall clear heights, and loading docks.

Most of the land in Otay Mesa has been designated for industrial uses and utilizes special zoning to provide for purely industrial uses, with discrete areas reserved to support commercial services and limited retail uses. A land use designation permitting heavy industrial uses should be applied in portions of the community to prevent encroachment by non-industrial uses. Adequate separation should also be provided if residential uses are located in close proximity. Support of infrastructure development and the preservation of areas for primarily industrial uses which support manufacturing and international trade activities are essential to provide middle income job opportunities and to contribute to the growth of the city's overall economic base.

Economic Prosperity Glossary

Base sector industries: Industrial uses which drive economic prosperity by importing wealth to the local or regional economy through the production of goods and the development of intellectual products and processes which are exported to national or international markets. Therefore, opportunities for growth are not constrained by the size of the local market.

Blight: A condition of deterioration of a site, structure or area that may cause nearby buildings and/or areas to decline in attractiveness and/or utility.

Business incentive program: A program to offer financial or other assistance such as tax rebates, permit processing assistance, and reduction in water and sewer capacity rates for industries which contribute to a sound and healthy economy as determined in the Economic Prosperity Element, the Economic Development Strategy, and/or Council Policy.

Career ladder: Consists of the grades ranging from the lowest level at which an employee can be hired as a trainee, up to the highest level, as a manager.

Community Redevelopment Law (CRL) Affordable Housing Requirements: Provisions of low-and moderate-income housing are mandated under CRL with specific requirements for affordable housing, housing replacement, and relocation for persons displaced by redevelopment.

Collocation: The geographic integration of residential development into industrial uses located on the same lot.

Commercial: Commercial uses include retail sales uses involving the sale, lease or rental of new or used goods to the general public and commercial services that provide for consumer or business services, the repair and maintenance of a wide variety of products, and for entertainment.

Corporate headquarters: Uses related to the administration of large or geographically widespread business that may be located separately from the main activity of those businesses.

Conversion A redesignation or change in use of an industrially-designated site to commercial, institutional, mixed-use, or residential use;

Distribution centers: A use where goods are received and/or stored for delivery to the ultimate customer at remote locations.

Economic development: An effort to increase employment opportunities by attracting, expanding or relocating existing businesses.

Eminent domain: California Redevelopment Law (CRL) provides redevelopment agencies the ability to acquire real property through purchase, lease, option, gift, grant and bequest. Eminent Domain is a special tool for assembling land available under redevelopment; however, several legislated restrictions or limitations apply. The Agency may acquire real property on which an existing building is to remain only when the building needs structural improvement, the site requires modification, the owner refuses to enter into an owner participation agreement, or the site is to be used for a public purpose. In practice, eminent domain is rarely utilized in the city of San Diego.

Employment uses: A use which typically generates substantial employment such as industrial, office, and commercial services. Sometimes the use of the term employment is also meant to include other non-base sector activities such as retail commercial uses.

Gross Domestic Product (GDP): the total value of goods and services produced in a country over a period of time

High technology: Scientific technology involving the production or use of advanced or sophisticated devices.

Hourglass economy: An economy characterized by an increasing workforce at the top in the knowledge sector with a corresponding bulge in the service sector beneath, in combination with a shrinking middle-class thereby creating an hourglass-shaped' economy.

Industrial park: A planned development of a tract of land with two or more separate industrial buildings.

Industrial use: Uses that produce goods from extracted and raw materials or from recyclable or previously prepared materials, including the design, storage, and handling of these products and the materials from which they are produced. Generally, it includes heavy and light manufacturing, marine industry, research and development, and trucking and transportation terminals and some secondary uses.

Intensity: A measure of development impact as defined by characteristics such as the number of dwelling units per acre or square feet per acre (floor area ratio).

Jobs-Housing balance: a planning tool used to achieve an optimal ratio of number of jobs to housing units within an area or jurisdiction, matching the skills of the workforce with housing costs, sizes, and locations. The ratio of 1:1 to 1.5:1 is considered optimal for most diverse and urbanized jurisdictions.

Land conversion: A redesignation or change of use from one major category of uses to another, such as industrial use to residential use.

Living wage: a wage that allows a full time worker to provide food, housing, health care, childcare, and basic transportation for themselves and their family

Lot: A parcel, tract, or area of land established by plat, subdivision or other legal means to be owned, used, or developed.

Low-rise structure: A structure having few stories (three or less) and not equipped with elevators

Manufacturing industries or sector: This sector of industry generally takes the output of the primary sector and manufactures finished goods or products to a point where they are suitable for use by other businesses, for export, or sale to domestic consumers. This sector is often divided into light industry and heavy industry. Many of these industries consume large quantities of energy and require factories and machinery to convert the raw materials into goods and products. This sector also includes the functions of research and development, assembly, corporate headquarters, warehousing, distribution, and related administrative functions.

Middle-income: The income category of a household earning between 81-120 percent of area median income, adjusted for household size.

Mixed-use: Properties on which various uses, such as office, commercial, institutional, and residential, are combined in a single functional interrelationships and a coherent physical design. A "single site" may include contiguous building or on a single site in an integrated development project with significant properties.

Modern industrial structures: One-, two-, and three-story buildings and accessory structures which were built using pre-cast concrete "tilt-up" panels or steel frame construction and which have less than 50 percent of Gross Floor Area built out as offices. These structures generally have exposed concrete, tile, raised, or "sticky" floors, and have at least 15 foot floor-to-ceiling heights on each story to accommodate mechanical equipment, and must have at least one loading dock or drive-in truck door.

Multi-tenant office: Premises containing office structures leased or owned by more than one company or business.

National Security and International Affairs industries or subsector: In San Diego this sector is represented by military units and commands within the Department of the Navy. These establishments are almost exclusively located on military reservations ("bases") not under the city's land use jurisdiction.

Non-base sector industries: The non-economic base includes establishments that exchange the wealth created by the economic base for the provision of essential goods and services to the local population. These industries must be in close proximity to the population served and they compete among themselves in the local component of the retail trade, wholesale trade, and Service sectors of the economy.

Office: Uses that focus on business, government, professional, medical, or financial services.

Owner-participation agreements: contracts entered into between an Agency and a property owner memorializing the parties' obligations with respect to a redevelopment project.

Prime industrial land: Land generally meeting the criteria described in Appendix EP-1 and identified on Figure EP-1.

Professional, Scientific, and Technical Services (Technology Services) : The Professional, Scientific, and Technical Services subsector comprises establishments that specialize in performing professional, scientific, and technical activities provided that the activities are base-sector in nature, that is, export-oriented. These industries are engaged in processes where human capital is the major input. These establishments make available the knowledge and skills of their employees, often on an assignment basis, where an individual or team is responsible for the delivery of services to the client. The individual industries of this subsector are defined on the basis of the particular expertise and training of the services provider. The distinguishing feature of the Professional, Scientific, and Technical Services subsector is the fact that most of the industries grouped in it have production processes that are almost wholly dependent on worker skills. In most of these industries, equipment and materials are not of major importance, unlike health care, for example, where "high tech" machines and materials are important collaborating inputs to labor skills in the production of health care. Thus, the establishments classified in this subsector sell expertise. A more detailed description of the base-sector nature of these industries and a minimum establishment size will be addressed in the Economic Prosperity Strategy and future regulations.

Redevelop: To demolish existing buildings; or to increase the overall floor area existing on a property; or both; of whether a change occurs in land use.

Redevelopment: The legally authorized process of rehabilitating or rebuilding a deteriorated section of a city using municipal powers and finances to reassemble properties, replace infrastructure, or otherwise assist in creating new facilities and stimulating private development.

Regional capital facilities: Capital Facilities which benefit up to a number of jurisdictions such as state highways, land fills, and wastewater facilities.

Regional Comprehensive Plan (RCP): The long-term planning framework for a region as a whole as prepared by the San Diego Association of Governments.

Research and development: Establishments primarily engaged in scientific research and testing leading to the development of new products and processes.

Revitalization: The imparting of new economic and community life in an existing neighborhood, area, or business district while at the same time preserving the original building stock and historic character.

Sensitive receptor land uses: Land uses considered to be sensitive receptors include residential, schools, child care centers, acute care hospitals, and long-term health care facilities. Sensitive receptors are determined based upon special factors which may include the age of the users or occupants, the frequency and duration of the use or occupancy, continued exposure to hazardous substances as defined by federal and state regulations, and the user's ability to evacuate a specific site in the event of a hazardous incident.

Service sector: activities that are not directly involved in the production or processing of goods and energy; activities associated with trade, transportation, health, education, public administration, and recreation.

Single tenant office: Premises containing office structures leased by only one company or business.

Strip commercial: Commercial zoning/development immediately adjacent and parallel to a collector or arterial street.

Technology services: See Professional, Scientific, and Technical Services.

Visitor industries: A combination of two industry sectors, the Accommodation and Food Services Sector, and the Arts Entertainment, and Recreation sector. These sectors mostly use lands designated for commercial uses.

Warehousing and distribution: Includes uses that provide and distribute goods in large quantities. Long-term and short-term storage of commercial goods and personal items is included.

Wholesale distribution: Establishments primarily engaged in wholesaling, and bulk sales distribution including open air handling of material and equipment.